Addressing the Finance Barrier: Solar for Low to Moderate Income Properties + Not for Profits

MARK THIELKING- Executive Director
EIC
Energy Improvement Corporation

- Not-for-profit, Local Development Corporation
- Mission to increase clean energy adoption across NYS
- Owned by member municipalities – shared service model
- Funded by NYSERDA, US-DOE, revenue from financings
- Serve property owners with services:
  - [Energize NY Finance](#) - Provides Capital
  - [Energize NY Commercial](#) - Support and Guidance
  - [Energize NY Residential](#) - Support and Guidance
Our Communities need:

- Low-cost, accessible and long-term financing for clean energy projects in commercial sector
- Support for property owners and service providers through the clean energy upgrade process
Energize NY (PACE) Finance
Property Assessed Clean Energy

“Municipalities would fulfill an important public purpose by providing financing to property owners for the installation of renewable energy systems & energy efficiency measures.”

- Article 5L of the NYS General Municipal Law

- Repayments collected by municipality via tax bill charge

- Senior lien status

Energize NY Finance works in-behalf of our Municipal Members
Energize NY
Community Benefits

- Goals of Energize NY directly align with municipal goals to:
  - Support healthier, livable communities
  - Reduce GHG emissions and particulate pollution
  - Spending and reinvestment in local economy
  - Business stability and expansion
  - Well maintained buildings with low energy costs are more attractive to buyers and potential employers
  - Energy projects increase demand for skilled building professionals
  - Job creation and increased opportunity in engineering, architecture, HVAC and renewable fields
Energize NY PACE Finance Benefits

1. Finance up to 100% of project cost
2. Long term amortization of costs up to 20 years
   - Deeper upgrades
   - Renewables
   - Positive cash flow
3. Access to capital for most building owners
4. Automatic transfer to next property owner upon sale
5. Easy to pay
6. Low rates
Energize NY Finance
Rates + Fees (a/o 6/16/16)

5 year = 4.00%
10 year = 4.40%
15 year = 4.95%
20 year = 5.30%
QECB: 20YR = < 3%

Rates subject to market conditions
Rate locks out to 6 months add 4 to 39 basis points (0.04 – 0.39%)
Fees: (all fees may be capitalized)
1. 4.25 point administration fee
2. $400 Title Search Fee
3. $500-1000 Application Fee
Energize NY Finance
Eligible Building Types

Commercially owned; Including Non-Profits

PRIVATE COLLEGES TOO!
Eligible Improvements

- **Renewables**: Solar PV, Solar Thermal, Geothermal, Wind

- **Efficiency**: Lighting, Boiler Conversions, Furnace Upgrades, Insulation, HVAC, Chillers, Windows, Pumps, Smart Controls
Not for Profits / Affordable Housing Challenges and Opportunities

**Challenges:**
- Poor Credit / Limited access to capital
- Aversion to additional debt / Other priorities for debt
- Low or no tax appetite
- Complex decision-making
- Little extra capacity to add projects outside of mission

**Opportunities:**
- Interested in linking mission to action
- Focus on Cash flow
- Deferred maintenance = Savings
Not for Profits / Affordable Housing – Energy Priorities

- Reduce and level energy costs
  - *Transform a variable cost into a fixed cost*
- Energy investments must be immediately profitable
  - *Easy sell to stakeholders*
- Achieve Mission Goals
  - *Solar lowers impacts on the earth*
- Reduce annual maintenance costs
  - *Address Deferred Maintenance*
PROJECT PROFILE: St. Christopher’s Church, Buchanan, NY

Energize NY: simple, low-cost, long-term financing for clean energy upgrades

THE PROJECT

Building details:
5 Buildings part of St. Christopher’s Parish:
• Catholic Church built in 1964
• Rectory
• Community Classroom
• 2 outbuildings
• Aggregate 181,000 sq ft

Renewable energy measures
• 36 kW solar electric system
• Roof mounted
• Roof replacement

ENERGIZE NY
NY State’s PACE Program

FINANCED BY

Amount financed: $150,800
Term: 20 years
Interest rate: 3.83%
*QECB enhanced interest rate
Financing Cost: $ 10,900/yr

Energize NY member:
Town of Cortlandt

Project Completed: April 2016

ESTIMATED SAVINGS

Electric use offset: 100%
Annual average net Cash flow to owner: + $3,600 yr

“Pope Francis strongly urged the people to protect the environment, and I thought what could I do to protect this environment? Installing solar on our church is another way of keeping his word in our practical life. This project provides us with both financial and environmental benefits”

-Rev. Dr. George Oonoonny
Pastor; St. Christopher Catholic Church
Energize NY Finance
PPA + Leasing for Solar

Energize NY PACE Finance will accept PPA/Lease structures

- Energize NY provides the upfront capital to pre pay a Power Purchase Agreement
- Up to 20 year terms

Requirements:
- Project submitted with tax equity, 3rd party owner and developer in place
- Project must generate positive cash flow to the property owner
  (eg: electricity, roof lease payments, higher tenant bills)
- Transferability must be built into PPA/Lease Contracts
- No removal rights allowed
- Project must remain operational
EIC Municipal Member Resources + Clean Energy

Federal Qualified Energy Conservation Bonds

- Westchester government allocated QECB bonding authority to Energize NY
- Affordable multifamily housing & not-for-profits
- Federally subsidized interest rates (0.9% - 2.75% as of 6/15/15)
Energize NY Finance: For All Property Classes

Housing Stock in Westchester County

- Owner Occupied: 42%
- Rental Units: 39%
- Other: 19%

The energy burden for low income households in the Northeast is 29%, compared to 3% for middle-to-higher-income households.**

**NYSERDA

Average Median Income of Families that are renters in Westchester County is $49k or 54% below the County AMI*

*Westchester County
Projects Progress to Date

Overview

- 356 total projects assisted Summer 2014
- Lead sources include energy service providers, community partners, municipal leaders, outreach events, web inquiries, energy programs

![Pie chart showing projects status]

- Active, 52
- Prospective, 136
- Not Progressing, 160
- Completed, 8
Progress to Date
Type of Improvements

Pipeline Projects: 52

- Both, 10
- Renewable, 22
- Efficiency, 20

Financing Total: $15.1 M

- Both 28%
- Renewable 28%
- Efficiency 44%
Progress to Date
QECB Projects

Pipeline Projects: 52

- QECB, 12
- Market Rate, 40

Financing Total: $15.1M

- QECB, 48%
- Market Rate, 52%
Qualified Partners

191 Firms Trained Since Inception

106 Energize NY Finance Qualified Partners

By Sector
- 59 Commercial
- 38 Industrial
- 36 Institutional
- 29 Multifamily
- 11 Agricultural
- 51 Solar PV
Energize NY
Community Oriented Benefits

- Energize NY services directly align with municipal goals to:
  - Support healthier, livable communities
  - Reduce GHG emissions and particulate pollution
  - Support Civic organizations
  - Business stability and expansion
  - Attract buyers and potential employers
  - Increase demand for skilled building professionals
Questions?

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Energize NY Commercial:

PROPERTY OWNER SERVICES

- Support with NYSERDA + Utilities
- Property owner information summits
- Finance analysis tools
- Contractor qualification
- Finance Application support
Finance Criteria

- Estimated annual energy savings from improvements must be greater than annual finance payments
- Improvements have savings-to-investment ratio > 1
- Property’s existing loan-to-value is no greater than 80%
- Financing up to 10% of value of benefitted property
- No bankruptcy within last 7 years
- At least 3 year history of timely property tax payments
- Existing lender consent required
- NYSERDA/Utility energy assessments and verification
Easy Application

1. Submit online Pre-Application
2. Scope of Work
3. Submit Finance Application with required documents
   • Underwriting Documents
     ▪ Market Value Appraisal + Title Search
     ▪ Mortgage Documents
     ▪ Organizational Documents
   • Existing Lender Consent
4. ENY disburses capital